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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 002147

SIPDIS

STATE FOR WHA/CCA
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E.O. 12958: DECL: 06/26/2014

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SUBJECT: TITLE III LIBERTAD ACT WAIVER: VENEZUELA

REF: SECSTATE 135512

CLASSIFIED BY: MARK WELLS, ACTING POLITICAL COUNSELOR, FOR REASONS 1.4(B) AND (D).

SUMMARY

11. (C) VENEZUELAN PRESIDENT HUGO CHAVEZ IS PERHAPS THE CLOSEST INTERNATIONAL ALLY OF FIDEL CASTRO. THE TWO NATIONS' TRADE RELATIONSHIP IS BASED ON VENEZUELA'S CONCESSIONARY PETROLEUM EXPORTS TO CUBA. THE GOV HAS NOT TAKEN ANY STEPS OF WHICH POST IS AWARE IN THE LAST SIX MONTHS TO ADVANCE DEMOCRACY, HUMAN RIGHTS, AND FUNDAMENTAL FREEDOMS IN CUBA. OBVIOUSLY, THERE IS LITTLE JUSTIFICATION FOR RECOMMENDING A WAIVER FOR VENEZUELA UNDER TITLE III OF THE LIBERTAD ACT. GIVEN CHAVEZ'S AFFINITY FOR EXPLAINING WORLD EVENTS IN TERMS OF U.S. IMPERIALISM, ANY ACTION TAKEN BY THE USG AGAINST A VENEZUELAN COMPANY IN VIOLATION OF TITLE III WOULD HEIGHTEN THE GOV'S ANTI-U.S. RHETORIC DURING A CRITICAL JUNCTURE FOR VENEZUELA'S DEMOCRACY. END SUMMARY.

CUBA-VENEZUELA RELATIONSHIP

12. (C) PRESIDENT HUGO CHAVEZ HAS WORKED DURING HIS FIVE YEARS OF RULE TO STRENGTHEN TIES WITH THE GOC. CHAVEZ SIGNED THE CUBA-VENEZUELA COOPERATION AGREEMENT IN 1998, WHICH PROVIDES CUBA WITH PETROLEUM AT CONCESSIONARY TERMS. IN EXCHANGE, CUBAN DOCTORS, TEACHERS, AND COACHES PARTICIPATE IN GOV SOCIAL PROGRAMS FOCUSED ON THE POOR, A MAJOR COMPONENT OF CHAVEZ'S SO-CALLED "BOLIVARIAN REVOLUTION." THE GOC IS IN ARREARS IN ITS OIL PAYMENTS TO THE VENEZUELAN STATE IN AMOUNTS POSSIBLY EXCEEDING \$1 BILLION.

13. (C) WHILE CLAIMING TO DISAGREE WITH CASTRO'S COMMUNIST SYSTEM, CHAVEZ NEVERTHELESS SYMPATHIZES DEEPLY WITH CASTRO TO THE POINT OF ADMIRATION. CHAVEZ VIEWS CASTRO AS BRAVELY STANDING AGAINST U.S. HEGEMONY IN THE HEMISPHERE. THE GOV DOES NOT BELIEVE THERE IS ANY REASON TO PRESSURE CUBA ON DEMOCRACY AND HUMAN RIGHTS.

IMPACT OF TITLE III

14. (C) CHAVEZ WIELDS ANTI-U.S. RHETORIC TO SOLIDIFY HIS DOMESTIC SUPPORT AND ADVANCE HIS ANTI-"NEOLIBERAL" VIEWS. WERE THE TITLE III WAIVER BE ALLOWED TO LAPSE, CHAVEZ WOULD USE IT FOR HIS PROPAGANDA MESSAGE TO DECRY U.S. UNILATERALISM. THIS COULD AFFECT U.S. INTERESTS IN KEEPING THE PRESIDENTIAL RECALL REFERENDUM AGAINST CHAVEZ FOCUSED ON THE ELECTORAL PROCESS. HOWEVER, THE AUGUST 15 REFERENDUM IS LIKELY TO BE WON OR LOST ON THE BASIS OF DOMESTIC ISSUES.

15. (C) WE ARE NOT AWARE OF SPECIFIC VENEZUELAN PRIVATE OR STATE-OWNED COMPANIES THAT WOULD BE AFFECTED BY THE IMPOSITION OF TITLE III. THERE HAVE BEEN REPORTS THAT VENEZUELAN STATE OIL COMPANY PDVSA MIGHT TAKE OVER OPERATION OF THE CIENFUEGOS OILS REFINERY, BUT AS OF NOW THE ARRANGEMENT HAS NOT BEEN FINALIZED. IT IS ALSO REPORTED THAT THE CUBAN STATE FOOD PURCHASING AGENCY ALIMPORT ACTS AS AN INTERMEDIARY IN THE PURCHASE OF COMMODITIES BY THE GOV MINISTRY OF AGRICULTURE AND RELATED AGENCIES. NUMEROUS VENEZUELAN FIRMS ARE SAID TO HAVE TIES WITH CUBAN COUNTERPARTS BUT THESE APPEAR TO BE COMMERCIAL RATHER THAN THE INVESTMENT RELATIONSHIPS THAT WOULD CONSTITUTE THE "TRAFFICKING" CONTEMPLATED BY TITLE III.

COMMENT

16. (C) THE GOV UNDER CHAVEZ HAS DONE NOTHING TO IMPROVE CUBA'S HUMAN RIGHTS AND DEMOCRACY RECORD AND CANNOT BE EXPECTED TO DO SO IN THE FUTURE. THERE IS NO JUSTIFICATION, THEREFORE, TO SUPPORT A WAIVER OF TITLE III OF THE LIBERTAD

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